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VIA OVERNIGHT MAIL

August 18, 2004

Anita M. Schafer  
Paralegal

**RECEIVED**

AUG 19 2004

PUBLIC SERVICE  
COMMISSION

Elizabeth Blackford  
Assistant Attorney General  
Office of Rate Intervention  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601

Re: Case No. 2004-00014

Dear Ms. Blackford:

Enclosed please find The Union Light, Heat and Power Company's responses to the Attorney General's Request for Information. You will also find copies of the responses to the request for information of the Commission Staff and the Kentucky Division of Energy. Also enclosed are the confidential responses to the data requests.

Should you have any further questions, please do not hesitate to call me.

Very truly yours,

  
Anita M. Schafer  
Paralegal

AMS/mak

Enclosures

cc: Iris Skidmore, Esq.  
Kentucky Public Service Commission  
Environmental and Public Protection Cabinet

Elizabeth O'Donnell ✓  
Executive Director  
Kentucky Public Service Commission

**RECEIVED**

AUG 19 2004

**Attorney General's 1<sup>st</sup> Set Data Requests**

**(Request for Information)**

**ULH&P Case No. 2004-00014**

**Date Received: July 28, 2004**

**Response Due Date: August 19, 2004**

**KyAG-DR-01-001**

**REQUEST:**

1. On page 5-5 of the IRP, two co-generation tariffs are mentioned.
  - a. Please supply the most recent versions of these tariffs.
  - b. Do these include the new requirements net metering? If not, please supply the tariff that covers net metering.

**RESPONSE:**

- a. Please see the tariffs at the Tariff Library of the KyPSC at [www.psc.ky.gov](http://www.psc.ky.gov) or at [www.cinergyulhp.com/residential\\_services/tariffs/default.asp](http://www.cinergyulhp.com/residential_services/tariffs/default.asp).
- b. ULH&P's Rider NM, Net Metering, addresses the Company's net metering offering, and can be found at the above locations. This Rider is currently being modified to comply with the requirements of Senate Bill 247.

**WITNESS RESPONSIBLE:** James Ziolkowski

**Attorney General's 1<sup>st</sup> Set Data Requests  
(Request for Information)  
ULH&P Case No. 2004-00014  
Date Received: July 28, 2004  
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**KyAG-DR-01-002**

**REQUEST:**

2. The IRP analysis includes a sensitivity scenario that considers 10% higher gas costs.
  - a. Please provide the base case gas costs assumed.
  - b. Please provide the sensitivity case gas prices assumed.
  - c. Please provide the average monthly actual gas costs paid by Cinergy for each of the last 12 months.

**RESPONSE:**

**CONFIDENTIAL PROPRIETARY TRADE SECRET**

This response is confidential and will be provided to any party to the case who has signed a confidentiality agreement with the Company.

**WITNESS RESPONSIBLE:** Diane Jenner

**Attorney General's 1<sup>st</sup> Set Data Requests  
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Date Received: July 28, 2004  
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**KyAG-DR-01-003**

**REQUEST:**

3. On page 5-14 of the IRP, the use of landfill gas for power generation is dismissed as uneconomical. Given that East Kentucky Power is currently building landfill gas powered plants, please detail the nature and extent of Cinergy and/or ULH&P's investigation or study that has lead them, individually or collectively, to dismiss these plants as uneconomical. Include copies of any reports resulting from such investigation or study. If no study or investigation has been done, please detail the basis for the belief that such plants are uneconomical.

**RESPONSE:**

As part of its 1999 RFP, Cinergy received a bid to purchase power from three landfill gas plants. Analysis of this bid showed it to be higher cost than Cinergy's other alternatives. Therefore, it was not pursued, and no report exists.

Cinergy is open to evaluating the economics of new landfill gas power generation projects if they materialize.

**WITNESS RESPONSIBLE:** Diane Jenner

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**KyAG-DR-01-004**

**REQUEST:**

4. On pages 1-11 and 5-4, the EPRI TAG costs are mentioned. Please supply the 'over 100 supply side options' considered, along with all cost assumptions associated with each option.

**RESPONSE:**

**CONFIDENTIAL PROPRIETARY TRADE SECRET**

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**WITNESS RESPONSIBLE:** Diane Jenner

**Attorney General's 1<sup>st</sup> Set Data Requests  
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**KyAG-DR-01-005**

**REQUEST:**

5. On page 5-17, a report entitled "Repowering the Midwest" is mentioned. Please supply this report.

**RESPONSE:**

A copy of the report can be downloaded from the following website:

[www.repowermidwest.org](http://www.repowermidwest.org)

**WITNESS RESPONSIBLE:** Diane Jenner

**Attorney General's 1<sup>st</sup> Set Data Requests  
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**KyAG-DR-01-006**

**REQUEST:**

6. On page 5-18, conventional hydro is dismissed as site specific. Considering all of the available dams in the region without hydro, and the offers of new hydro that have been made to Cinergy, please explain why conventional hydro was not considered in the analysis of this IRP.

**RESPONSE:**

PSI, an affiliate of ULH&P, has been analyzing the economics of purchasing power from 2 hydro plants located on the Ohio River. PSI's analysis has shown that these hydro plants are economic if firm delivery to the Cinergy system can be obtained so that the plants can be relied upon for capacity (i.e., reserve margin) purposes. However, if the hydro plants only qualify as energy resources, then the plants are not economic. Unfortunately, preliminary indications from a MISO study that was commissioned to determine whether firm delivery can be obtained show that numerous transmission upgrades will be necessary to ensure delivery. These delivery issues would be the same whether the power would be purchased by PSI or by ULH&P.

Furthermore, at the time the IRP was filed, ULH&P had already received approval from the KY PSC to transfer East Bend, Miami Fort 6, and Woodsdale 1-6 from CG&E. The addition of hydro plants would have only increased costs to ULH&P's customers by increasing its reserve margin to an unacceptable level.

**WITNESS RESPONSIBLE:** Diane Jenner

**Attorney General's 1<sup>st</sup> Set Data Requests  
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**KyAG-DR-01-007**

**REQUEST:**

7. On page 8-36 of the IRP, 6 greenhouse gasses are mentioned. For each of these six gasses separately, please provide the following:
  - a. Emissions by ULH&P for each of the last 15 years.
  - b. Emissions by Cinergy for each of the last 15 years.
  - c. Projected emissions by ULH&P in each of the next 15 years.
  - d. Projected emissions by Cinergy in each of the next 15 years.

**RESPONSE:**

**CONFIDENTIAL PROPRIETARY TRADE SECRET**

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**WITNESS RESPONSIBLE:** Diane Jenner

**Attorney General's 1<sup>st</sup> Set Data Requests  
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**KyAG-DR-01-008**

**REQUEST:**

8. Please provide the KWH power generations for:
- a. ULH&P for each of the last 15 years.
  - b. Cinergy for each of the next 15 years.
  - c. Projected ULH&P generation for each of the next 15 years.
  - d. Projected Cinergy generation for each of the next 15 years.

**RESPONSE:**

- a. 0 MWh for all years, since ULH&P does not own any generation.
- b. ULH&P objects to this request on the grounds that ULH&P requested and was granted a waiver concerning providing Cinergy system information.
- c.

Year	Projected Generation (MWh)
2004	1,999,260
2005	3,804,719
2006	3,890,075
2007	3,367,508
2008	3,451,263
2009	3,636,098
2010	3,508,922
2011	3,805,625
2012	3,677,592
2013	4,169,636
2014	4,288,157
2015	4,362,509
2016	4,420,655
2017	4,484,677
2018	4,787,906

- d. See response to part b.

**WITNESS RESPONSIBLE:** Diane Jenner

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**KyAG-DR-01-009**

**REQUEST:**

9. With respect to Table GA-45-C, please explain why the projected price of SO<sub>2</sub> allowances drops so dramatically after 2010.

**RESPONSE:**

**CONFIDENTIAL PROPRIETARY TRADE SECRET**

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**WITNESS RESPONSIBLE:** Diane Jenner

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**KyAG-DR-01-010**

**REQUEST:**

10. On Table GA-25-C, the lowest cost option appears to be the battery option. Please explain why this option was not considered as an option when considering the optimum generation plan.

**RESPONSE:**

As explained on page 5-23 of the IRP:

“The major shortcoming of the Battery is its lack of flexibility due to its one-hour storage time in comparison with the allowable runtime of the CT. Given that the load during the hours immediately prior to and after the system peak can be almost the same magnitude as the system peak, these resources will not be able to compete with more conventional technologies for serving the system peak load until the storage times of Battery resources are increased.”

**WITNESS RESPONSIBLE:** Diane Jenner

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**KyAG-DR-01-011**

**REQUEST:**

11. Follow-up to KDOE Item 1-16. The Green Power Rider was put in place in October 2002:
  - a. Please provide the participation to date.
  - b. What publicity has been done to promote this new rider?
  - c. Please provide a detailed description of the power that has been purchased to date, including seller, fuel source, and amount of power.

**RESPONSE:**

- a. There has been no participation in ULH&P's Green Power program to date.
- b. ULH&P has not promoted this Green Power program due to its design which has proven ineffective. The rider is currently being redesigned and is planned to be rolled out in the next 12 months. (also see response to KDOE-02-025)
- c. Since ULH&P has no participants in the program, it has not purchased any power under the provisions of the program.

**WITNESS RESPONSIBLE:** Don Rottinghaus